



DRID # 53

Reconciliation of Contracts

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Genesis of DRID #53 . . .

Eliminate Unmatched Disbursements and Negative Unliquidated Obligations and **“Single Point of Data Entry”**

Move ahead with systems and technologies already on-hand **MRM #2, Moving to a Paper-free Contracting Process by January 1, 2000**

Reengineer Contract Closeout and DD 250 Material Inspection and Receiving Report policies and procedures **DRIDs #32 and #33**

DCMC and DFAS co-chair an “end-to-end” procurement process review **DRID #47, End-to-End Procurement Process**

Integrate and coordinate the reconciliation closeout and conversion of contracts to prepare for the retirement of MOCAS **DRID #53, Reconciliation of Contracts in MOCAS, March 23, 2000**

Getting ready for the future shared data environment !

DCMA **DRID #53 Requirements**

Defense Contract Management Agency

**Integrate
d
Effort**

➤ **Military Departments and DCMA to develop comprehensive plans to close and/or convert all contracts**

□ **DFAS to reengineer reconciliation process**

□ **Establish DOD-wide IPT**

□ **Focus on most difficult contracts first (over \$100M) ... move quickly to all others**

□ **In-progress review held every 12 weeks with Deputy SECDEF**

MOCAS Volume as of May 1, 2000

	Army	Navy	Air Force	DLA	Other
Total					
FFP	25,003		36,486	21,350	99,016
2,117	183,972				
Cost	11,576		52,366	12,366	1,353
4,184	81,845				
T&M/LH	8,445	19,384	9,301	681	908
38,719					
Other	367		801	360	434
34	1,996				
Basics	2,862	6,637	4,001	5,181	648
19,019					
Total	48,253	115,364	47,878	106,665	7,891
325,551					

**Attention
to
"Old Dogs"**

Contracts overage since...

FY79	3	FY85	9	FY 90	93	FY95
700						
FY81	1	FY86	16	FY91	103	FY96
1,457						
FY82	3	FY87	23	FY92	258	FY97
3,256						
FY83	1	FY88	34	FY93	318	FY98
7,552						
FY84	5	FY89	33	FY94	478	FY99
12,068						

Strategic Implementation Plan

➤ **Integrated Effort**

□ **Services, DFAS, DCMA, DCAA, others as needed**

□ **Two-Tier Operating Structure**

□ **Defined Roles and Responsibilities for Key Partners**

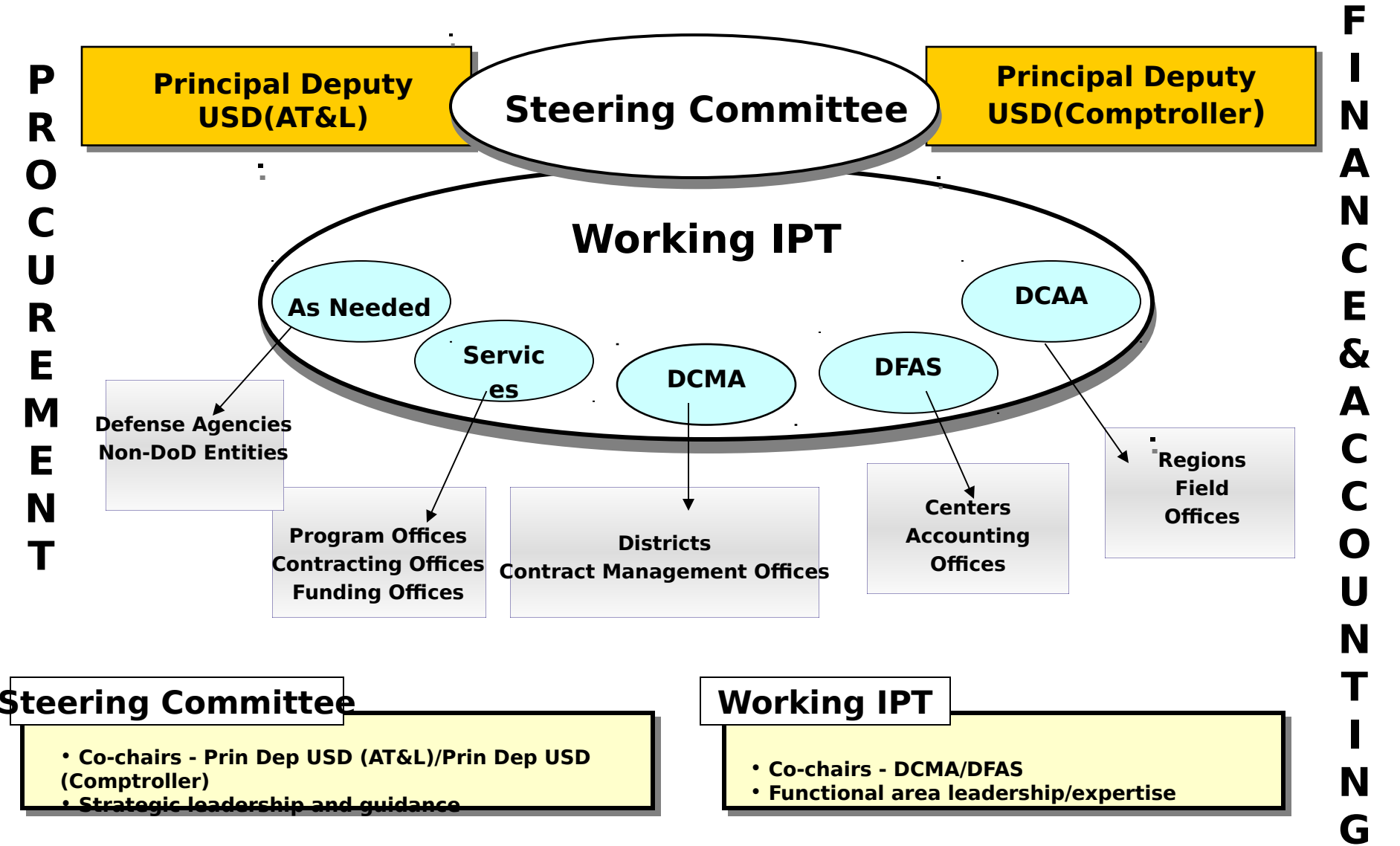
□ **Expedite Policy/Process Changes**

□ **Measure Implementation Success**

Making it Happen!



DRID # 53 Operating Structure



PROCUREMENT

FINANCE & ACCOUNTING

Principal Deputy
USD(AT&L)

Principal Deputy
USD(Comptroller)

Steering Committee

Working IPT

As Needed

Services

DCMA

DFAS

DCAA

Defense Agencies
Non-DoD Entities

Program Offices
Contracting Offices
Funding Offices

Districts
Contract Management Offices

Centers
Accounting
Offices

Regions
Field
Offices

Steering Committee

- Co-chairs - Prin Dep USD (AT&L)/Prin Dep USD (Comptroller)
- Strategic leadership and guidance

Working IPT

- Co-chairs - DCMA/DFAS
- Functional area leadership/expertise

Partner Roles and Responsibilities

Military Services Others Defense Agencies Non-DoD Entities	<ul style="list-style-type: none">• Contract Funds• Program Management/ Contract Owner• Reconciliation	<ul style="list-style-type: none">• Prepare action plans• Implement approved action plans• Utilize new business rules for end-to-end procurement process• Provide required program/contract funds<ul style="list-style-type: none">• Accelerate replacement funds for cancelled appropriations• Prioritize contracts to reconcile/conform or close• Lead reconciliation• Identify Responsible Contract Reconciliation Agent (RCRA)
DFAS	<ul style="list-style-type: none">• Reconciliation• DCD/DCW/ DPPS	<ul style="list-style-type: none">• Support reconciliation/reengineering process<ul style="list-style-type: none">• Assist OSD(C) in publication of reconciliation guidelines• Build decision tree to define reconciliation paths• Establish reconciliation completion timeline for each contract• Provide tool for contract registration (SCRT)• MOCAS data integrity (shared)• Provide payment and accounting data• Communicate reconciliation status to DCMA/Services• Define new business rules for DCD/DPPS• Define conversion criteria for contracts being transferred• Communicate status of DCD/DCW/DPPS

Defined Responsibilities...Integrated Effort

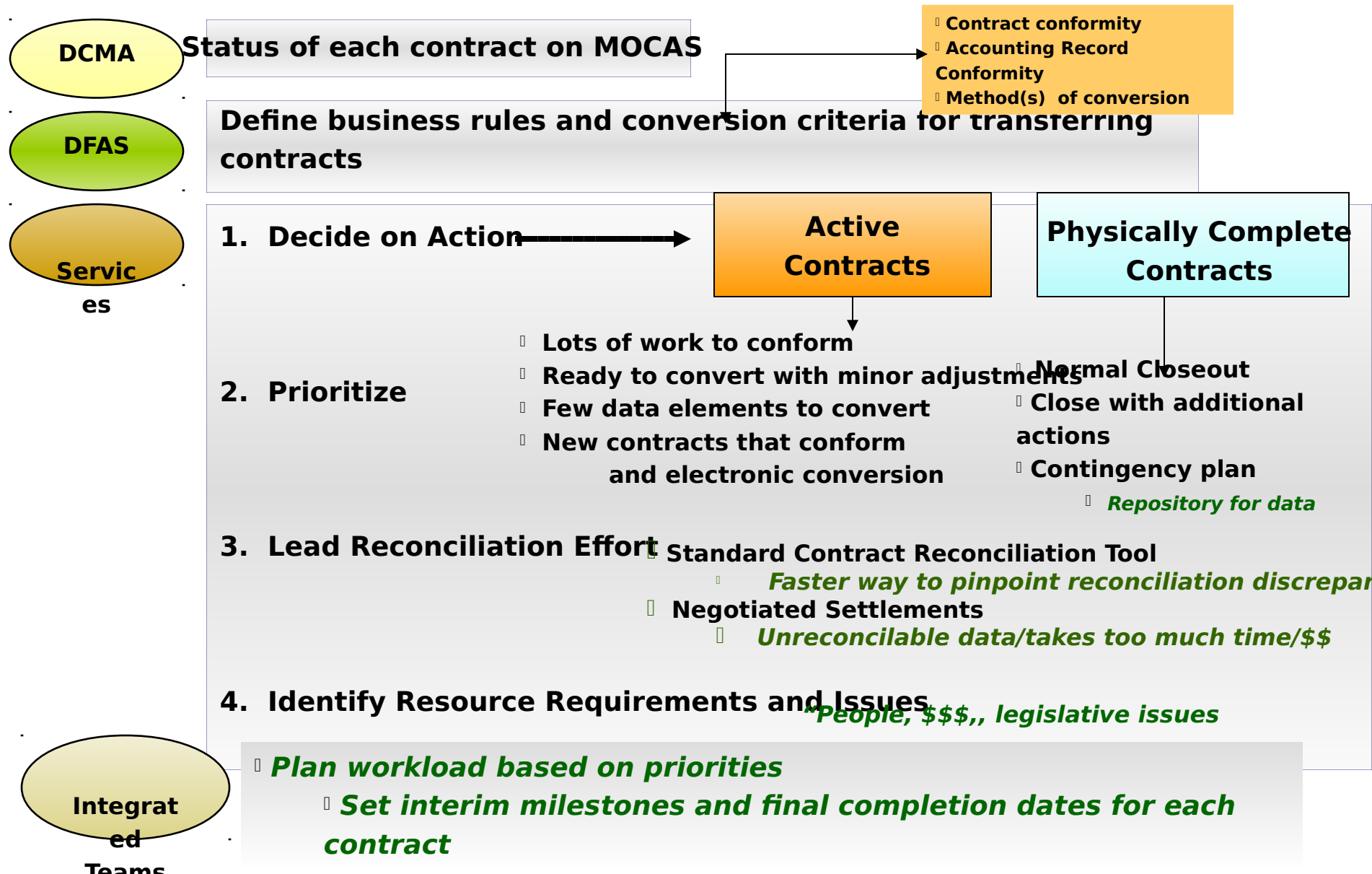
Partner Roles and Responsibilities

DCMA	<ul style="list-style-type: none">• Contract Management	<ul style="list-style-type: none">• Expedite administrative closeout process• Provide status of contracts and reason still open• Recommend best closeout approaches (individual contracts)• Focal point for MOCAS data web site• Report status of overarching performance/progress measures• Support Service contract conforming actions• Support contract reconciliation• MOCAS data integrity (shared)
DCAA	<ul style="list-style-type: none">• Final Audits	<ul style="list-style-type: none">• Expedite final rate audits• Assist in obtaining contractor rate/final voucher submissions• Assist with closeout settlement issues• Expedite final contract close-out audits• Assist contract reconciliation

...plus Industry support

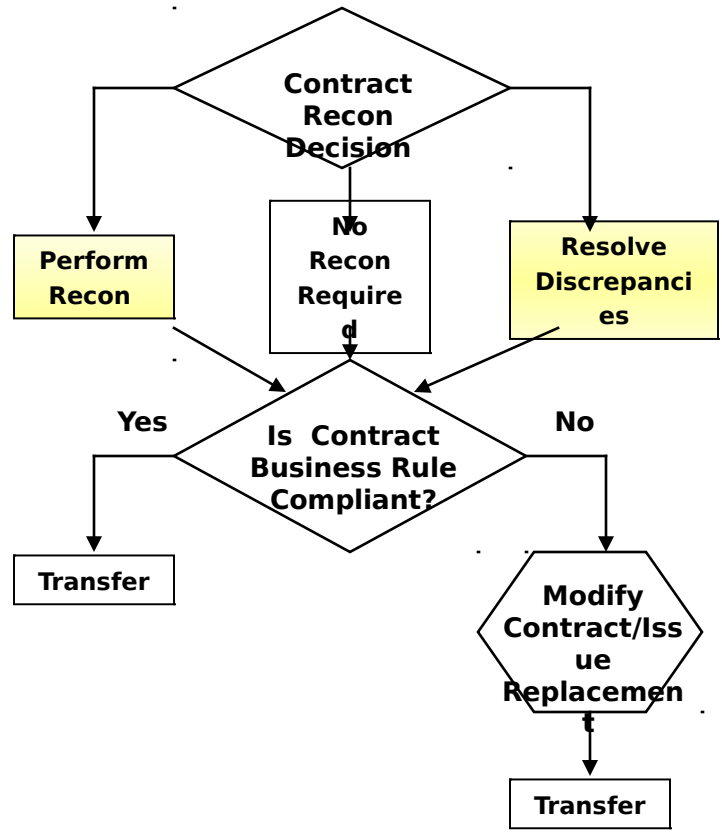
Defined Responsibilities...Integrated Effort

Contract Assessment Strategy

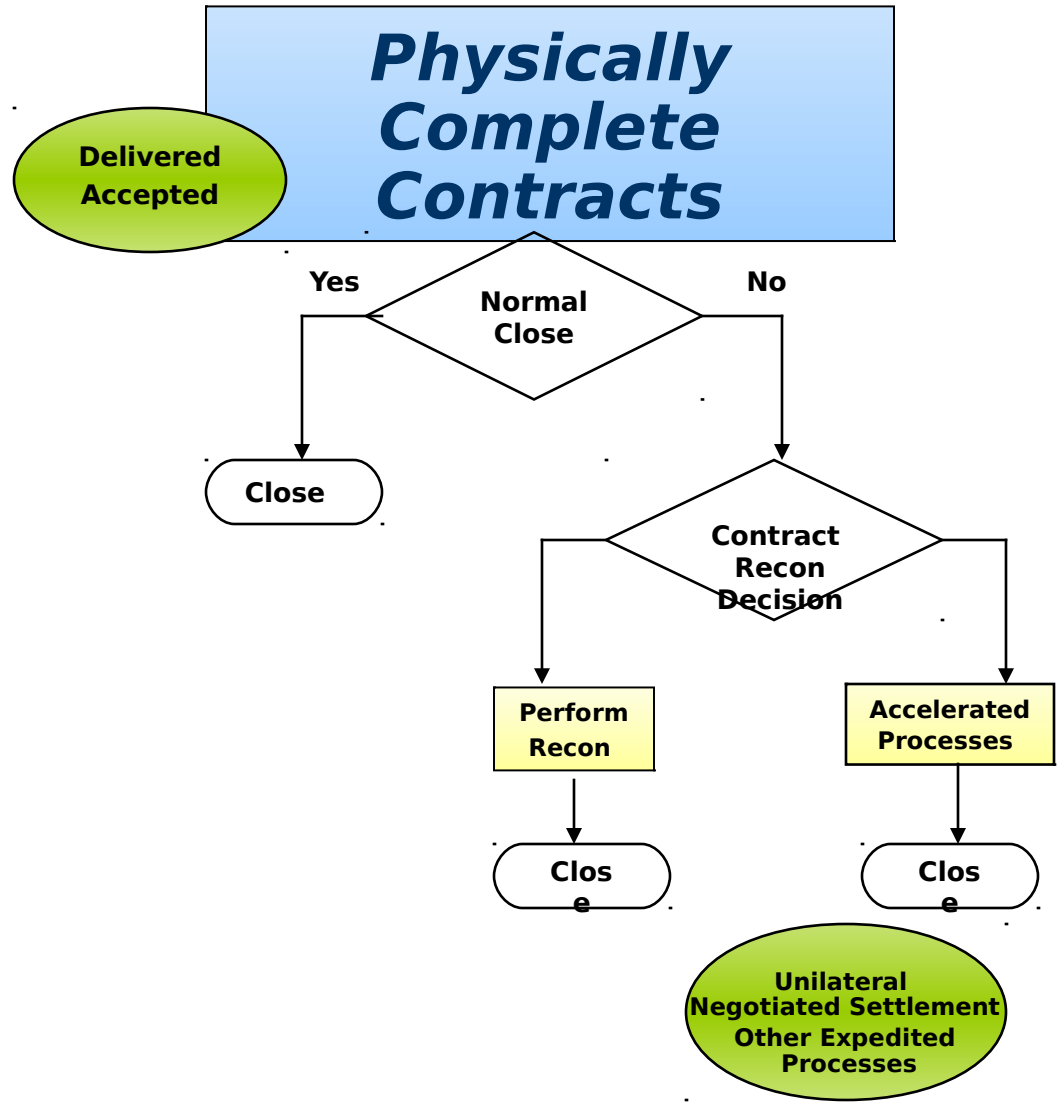


Contract Decision Process

Active Contracts



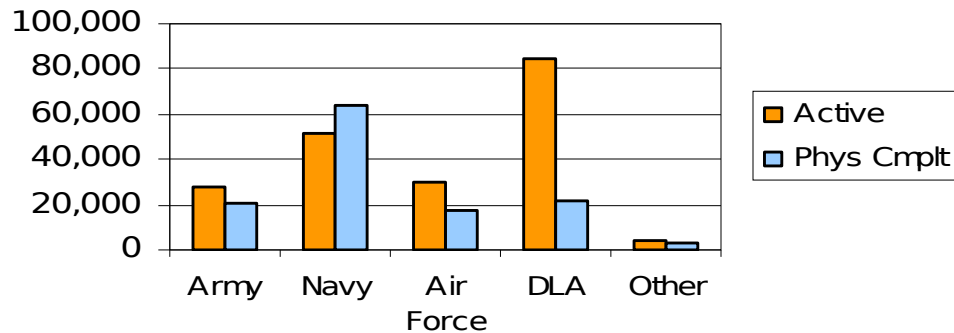
Key: Need flexible, timesaving solutions



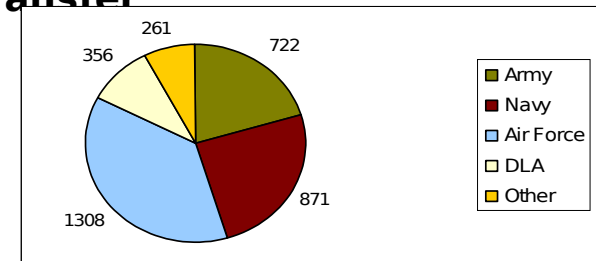
A Look at the Numbers

As of May 1, 2000

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Est. 3,518 Active Contracts will transfer

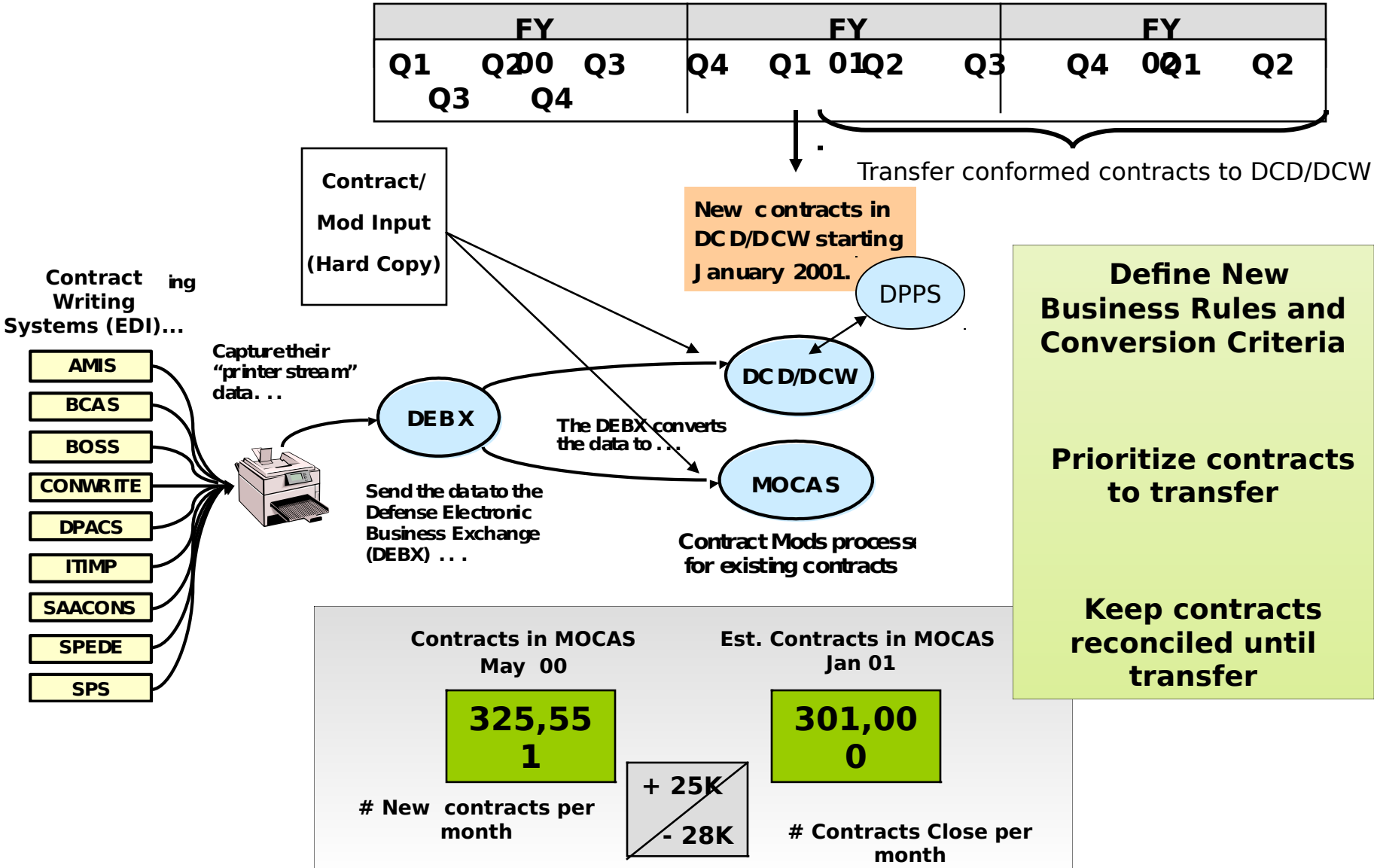


Of the 3,518 Active Contracts transf

- **508 Over 5 years old**
- **120 Over \$100M**

	Army	Navy	Air Force	DLA	Other	TOTAL
Active	27,966	51,323	29,613	84,558	4,405	197,865
Phys Cmplt	20,287	64,041	17,765	22,107	3,486	127,686
TOTAL	48,253	115,364	47,378	106,665	7,891	325,551

New and Active Contracts



A Look at the Numbers

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2000**

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**Physically Complete
Contracts**

127,686

TODAY

145,228

FDDs in FY00

36,633

**FDDs in
FY01**

4829

FDDs in FY02

7657

Blank FDDs

► **Estimate 83% will close by Oct 02**

▮ **Estimate 17% (53,347) will not likely close by Oct 02**

DRID #53 Critical Next Steps

➤ ***Working Group***

- *Seek relief or limited exemptions to policy/regulatory guidance*
- *Share streamlined best practices*

➤ ***Services Prepare Action Plans with...***

- *Milestones*
- *Priority of contracts to reconcile/conform or close*
- *Performance/progress measures*
- *Resource requirements*

□ ***DCMA support Services and DFAS***

- *Make progress on closing contracts*

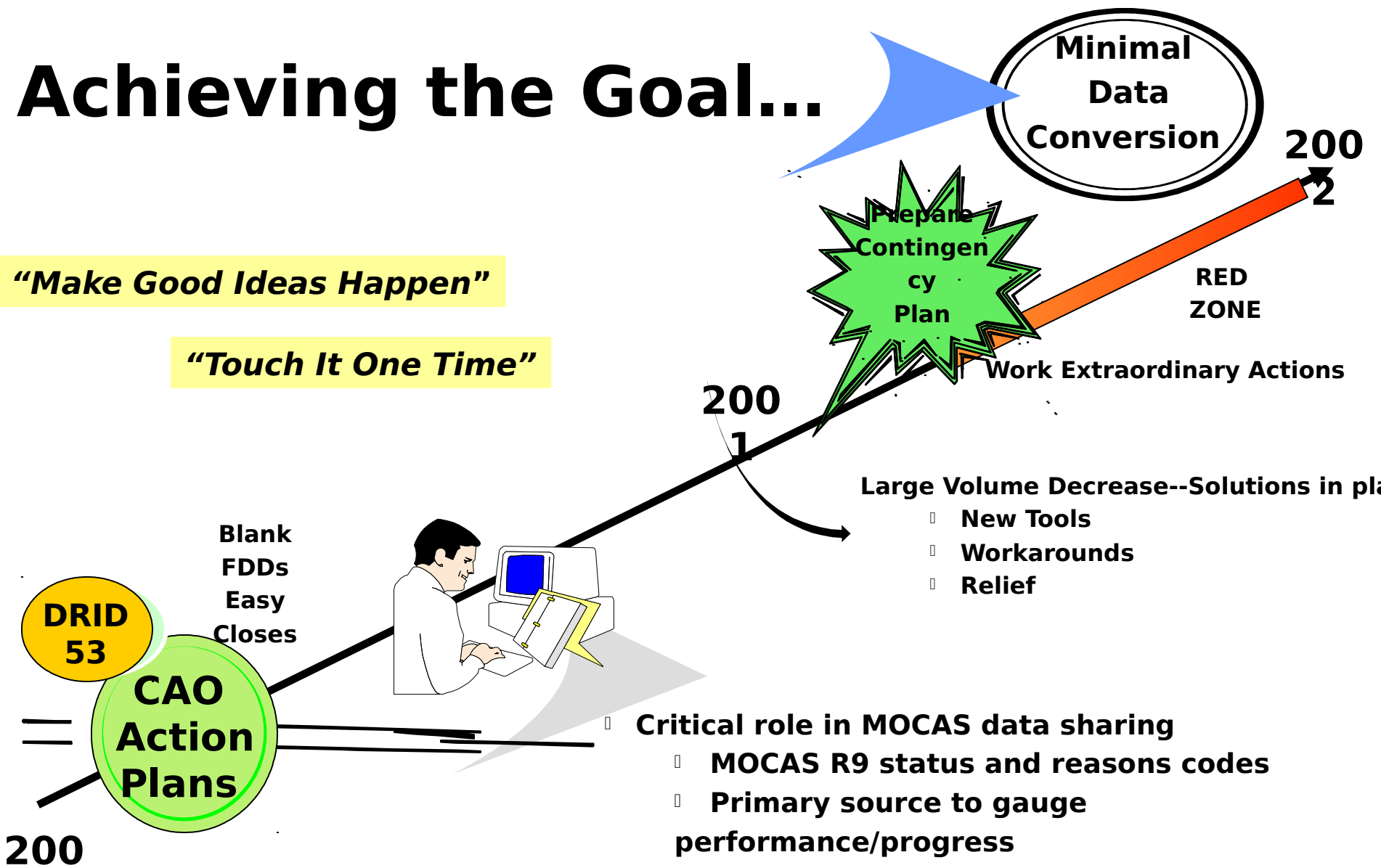
□ ***DFAS***

- *Support expedited reconciliation*
- *Define business rules and conversion criteria for
DCD/DCW/DPPS*

Achieving the Goal...

"Make Good Ideas Happen"

"Touch It One Time"



How FSTs can Support DRID #53

- ***Team to find solutions for oldest, biggest, hardest***
 - ***Preserve resources and time***
 - ▢ ***Make progress***
- ***Areas needing extra attention***
 - ▢ ***Final rate settlements - real time rates***
 - ▢ ***Final vouchers***
 - ▢ ***Data integrity***
- ▢ ***Encourage Action using...***
 - ▢ ***Good business judgement***
 - ▢ ***Good file documentation***